

## **INFORMATION BULLETIN #67**

### **SALES TAX**

**JANUARY 2003**

**(Replaces Bulletin #67 dated July 1995)**

**DISCLAIMER:** Informational bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either the department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

**SUBJECT:** Professional Racing Team Engines and Chassis

**REFERENCES:** IC 6-2.5-5-37

### **INTRODUCTION:**

Transactions involving the purchase, lease or operation of engines or chassis by professional racing teams in Indiana are exempt from Indiana sales and use tax. This includes replacement and rebuilding parts or components for the engines and chassis, but excludes tires and accessories.

### **DEFINITIONS:**

For purposes of IC 6-2.5-5-37:

**Professional Racing Teams** are those racing operations qualified to file under the Internal Revenue Code as a for-profit business. To qualify as a trade or business under IRS regulations a taxpayer must be involved in the activity with continuity and regularity,

and the taxpayer's primary purpose for engaging in the activity must be for income or profit. A sporadic activity, a hobby, or an amusement diversion does not qualify.

**Engines** are engines of vehicles intended for use in competition by the professional racing teams which purchase, lease, or operate the engines.

**Chassis** are chassis of vehicles intended for use in competition by the professional racing teams which purchase, lease, or operate the chassis. For purposes of this exemption, chassis does not include tires or accessories.

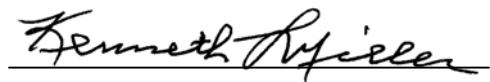
**Tires** are tires of vehicles intended for use in competition by the professional racing teams which purchase, lease, or operate the tires. Tires include tubes and exclude wheels.

**Accessories** includes instrumentation, telemetry, consumables and paint.

Chassis, engines, and their components combined are a complete racing vehicle minus the tires and accessories. Therefore, a racing vehicle purchased by a professional racing team is exempt from Indiana sales and use except for the tires and accessories. Tires and accessories purchased by professional racing teams for any purpose are subject to Indiana sales and use tax.

### **Operation of Exemption**

All professional racing teams wishing to purchase items exempt pursuant to this exemption must register as a retail merchant with the Department. The professional racing team must present the merchant with a valid exemption certificate (ST-105) in order to relieve the merchant from its responsibility to collect sales tax on the transaction.



Kenneth L. Miller  
Commissioner